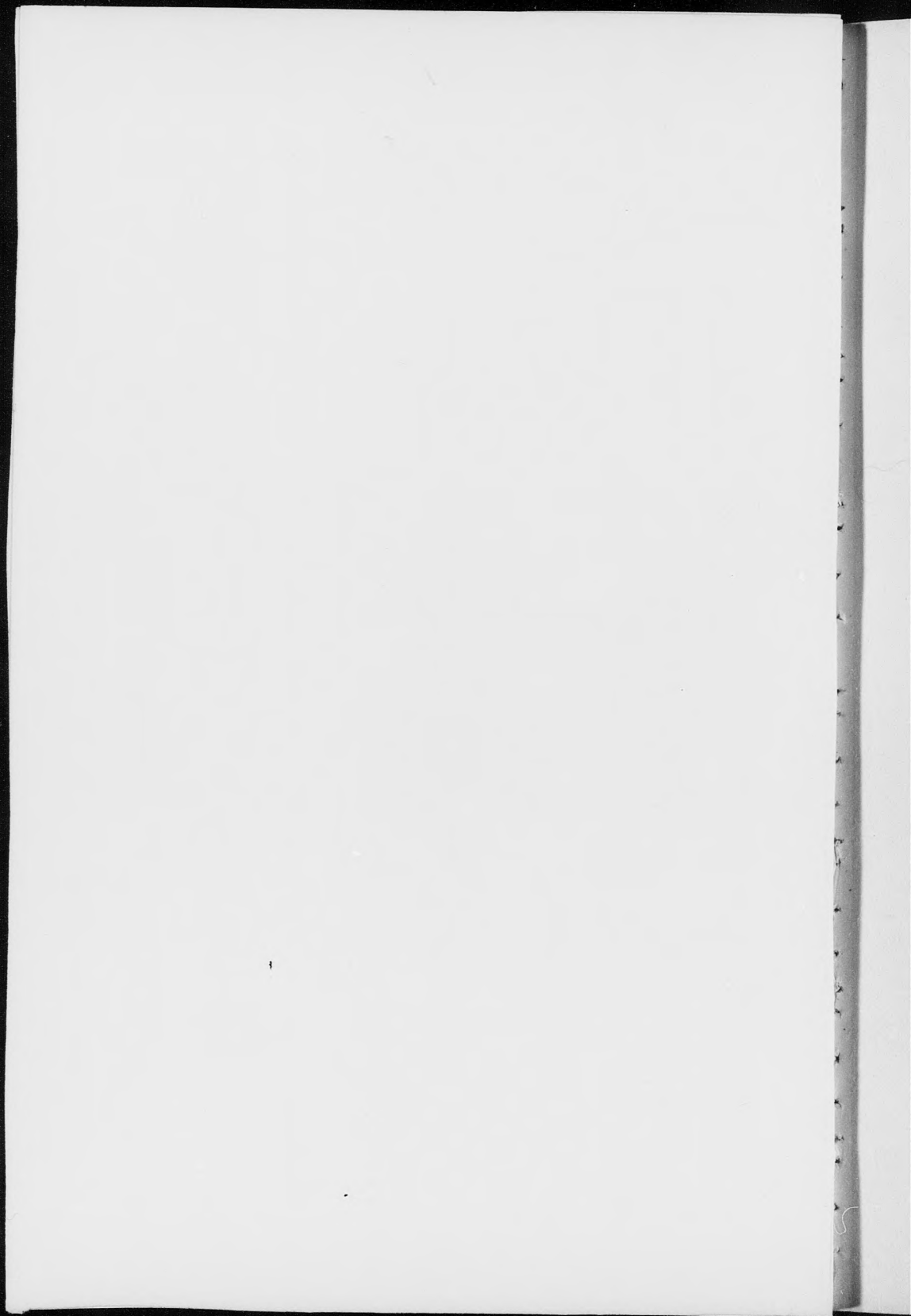




FIRST REPORT
of the
Maryland Racing Commission.
to
The Governor of Maryland

Annual report.



FALL OF 1920

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BALTIMORE, MD., U. S. A.

MARYLAND RACING COMMISSION

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**First Report of the Maryland Racing Commission
to the Governor of Maryland**

Baltimore, Md., January 1, 1921.

*To His Excellency, Albert C. Ritchie, Governor of
Maryland:*

We, the members of the Maryland Racing Commission, in compliance with Section 4 of the law creating the Commission, have the pleasure of submitting to you a report covering the work of the Commission and the financial returns to the State for the period ending January 1, 1921.

The General Assembly of 1920 passed the law creating the Maryland Racing Commission. The law went into effect on June 1, 1920. Members of the Maryland Racing Commission received their commissions on July 22, 1920. The accounting for the racing associations hereinafter given begins from July 1, 1920 and terminates at irregular periods, due to the fact that each of the associations has current expenses that could not be audited in time to be included in the report for the year. The auditing firm next year will begin the audit from the date when it concluded its work for 1920.

The law imposes on the Commission the duty of reporting only the "receipts and disbursements by the Commission," but in pursuance of a policy of making public everything pertaining to racing, the Commission has presumed to include in its report to you a

complete financial statement of the operations of the Maryland Jockey Club (Pimlico), the Maryland State Fair, Inc. (Laurel), the Harford Agricultural and Breeders' Association (Havre de Grace), and the Southern Maryland Agricultural Association (Bowie). These Associations are the ones upon which is imposed a tax of fifteen per cent. (15%) of their net revenue in addition to the tax of six thousand (\$6,000) dollars for each day of racing, this six thousand (\$6,000) dollars a day being paid to the State. An additional tax of three thousand (\$3,000) dollars a day is imposed on "Pimlico," your Commission in this instance acting only as a clearing house for the money, which is paid over to Baltimore County.

The Commission's receipts and disbursements are as follows:

RECEIPTS OF THE MARYLAND RACING COMMISSION

FROM JULY 22ND, 1920 TO JANUARY 1ST, 1921.

From County Fairs—47 days, at \$50 per day.....	\$ 2,350.00
From Harford Agricultural and Breeders' Association—For 17 days' racing, at \$6,000 per day....	102,000.00
From Maryland State Fair, Inc.—For 26 days' racing, at \$6,000 per day.....	156,000.00
From Maryland Jockey Club—For 11 days' racing, at \$6,000 per day.....	66,000.00
From Maryland Jockey Club—For 11 days' racing, at \$3,000 per day.....	33,000.00
From Southern Maryland Agricultural Association—For 15 days' racing, at \$6,000 per day.....	90,000.00
From Harford Agricultural and Breeders' Association—15% of Net Revenue.....	
From Maryland State Fair, Inc.—15% of Net Revenue	
From Maryland Jockey Club—15% of Net Revenue..	
From Southern Maryland Agricultural Association—15% of Net Revenue.....	

MARYLAND RACING COMMISSION.

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Interest Allowed for Money on Deposit:

Bank of Hampden.....	\$ 188.52
Industrial Bank	22.13
Union Trust Company.....	187.50
Equitable Trust Company.....	771.47
Fidelity Trust Company	1,451.18

Total\$ 2,620.80

Total Receipts\$ 451,970.80

STATEMENT OF DISBURSEMENTS OF MARYLAND RACING COMMISSION

FROM JULY 22ND, 1920 TO JANUARY 1ST, 1921.

Commission's Salary Account.....\$ 10,000.00

Disbursements:

Chairman	\$ 1,771.91
Commissioner	1,330.65
Commissioner	1,330.65

-----\$ 4,433.21

Commission's Office Allowance.....\$ 20,000.00

Disbursements:

Secretary's Salary	\$ 1,330.65
Stenographer's Salary	475.00
Office Supplies.....	301.80
Office Expense (Miscellaneous).....	272.65
Office Furniture and Fixtures.....	1,767.20
Office Rent	812.50
Premiums on Bonds.....	1,500.00
Pictures of Instructions Placed at each	
Race Track	259.03
Telephone	58.18
Travel Expense (Chairman, Commis-	
sioners and Secretary) as per	
vouchers ..	554.19
Automobile and Car Hire, as per	
vouchers ..	1,180.92
Expense Account Allowed Employees,	
as per vouchers.....	129.80

-----\$ 8,641.92

FIRST REPORT OF THE

Reserved for expenses.....	\$ 10,000.00
Paid to Treasurer, Baltimore County.	\$ 33,000.00
Paid to County Treasurers, Receipts from County Fair Licenses.....	2,350.00
Paid to State Treasurer.....	393,545.67
	\$ 428,895.67
Total	\$ 451,970.80

It is provided in the law that bona-fide fairs and agricultural exhibits may be licensed to race during five (5) days each in any one year, the fee being fifty (\$50) dollars for each day of racing, the money to be paid back to the treasurers of the counties in which such racing was licensed. Contained in Section 13 of the law was a special provision directing the Commission to license the Agricultural and Mechanical Association of Washington County (Hagerstown) for two (2) meets of five (5) days each, which was done. Licensed under this provision of the law were the following fairs and agricultural exhibits:

Cambridge Fair Association, Inc., 4 days, August 3 to 6, inclusive	\$200.00
Agricultural and Mechanical Association of Washington County, 5 days, August 10 to 14, inclusive.....	250.00
Pocomoke Fair Association, 4 days, August 17 to 20, inclusive	200.00
Southern Maryland Agricultural Fair, 5 days, August 17 to 21, inclusive	250.00
Wicomico Fair Association, 4 days, August 24 to 27, inclusive (the Wicomico Fair Association being unable to use one of its dates, because of the weather, it was allowed the rebate sanctioned by Section 16 of the law)	200.00
Agricultural Society of Montgomery County, Md., 4 days, August 24 to 27, inclusive.....	200.00

MARYLAND RACING COMMISSION.

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Maryland State Fair and Agricultural Society of Baltimore County, 5 days, August 31, September 1, 2, 4 and 6	250.00
Wicomico Colored Fair Association, 2 days, September 8 and 9	100.00
Cambridge Fair Association, Colored, 1 day, September 17	50.00
Agricultural and Mechanical Association of Washington County, 5 days, October 12 to 16, inclusive.....	250.00
Harford County Fair Association, 4 days, October 12 to 15, inclusive	200.00
Frederick County Agricultural Society, 4 days, October 19 to 22, inclusive.....	200.00

This money has been turned back to the counties as the law provides.

Dates for racing on the four one-mile tracks were authorized as follows:

- Harford Agricultural and Breeders' Association—September 11th to September 30th.
- Maryland State Fair, Inc.—October 1st to October 30th.
- Maryland Jockey Club—November 1st to November 12th.
- Southern Maryland Agricultural Association—November 13th to November 30th.

In the dates the first and last are inclusive and Sunday are excepted.

ACCOUNTING SUMMARIZED

The audit of the accounts of the Maryland Jockey Club, the Maryland State Fair, Inc., the Harford Agricultural and Breeders' Association, and the Southern Maryland Agricultural Association, summarized are as follows:

Whole Amount Bet.....	\$38,705,772.00
Paid General Admissions.....	447,731.00

Receipts:

Parl Mutuel	\$2,299,984.60
Gate	710,941.00
Programs	27,053.82
Concessions	20,150.00
Miscellaneous	37,392.08
Total	\$ 3,095,521.50

Expenses:

Licenses	\$ *447,000.00
Purses	796,954.50
Salaries and Wages.....	†485,384.17
Insurance	38,271.13
Miscellaneous	95,790.87
Advertising	22,223.03
Stationery and Printing.....	60,045.29
Total	\$ 1,945,668.99

Net revenue before deducting expenditures for new construction, equipment and repairs.....	1,149,852.51
New construction, equipment and repairs.....	532,849.84
Net revenue after deducting expenditures for new construction, equipment and repairs.....	617,002.67
Portion of new construction, equipment and repairs disallowed by Commission	\$242,849.84
Salaries disallowed by Commission.....	9,250.00
Directors' fees disallowed by Commission	7,650.00
Total	\$259,749.84
Amount on which the State is entitled to collect 15% as net revenue.....	\$876,752.51

*Included in Licenses are \$33,000.00 paid over to the Commission by the Maryland Jockey Club for the account of Baltimore County, the same to be paid to the Treasurer of Baltimore County, which has been done.

†Deducted from the expense account and added to net revenue were \$16,900.00, regarded by the Commission as excessive allowances for salaries and directors' fees, the excesses being in the accounting submitted for the Southern Maryland Agricultural Association.

MARYLAND RACING COMMISSION.

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Amount claimed for State as 15% of the net revenue
of the four (4) one-mile Racing Associ-
ations:

Maryland Jockey Club (11 days).....	\$26,688.08
Maryland State Fair (26 days).....	58,096.14
Harford Agricultural and Breeders' Association (17 days).....	20,867.22
Southern Maryland Agricultural Asso- ciation	25,861.44

Total	\$ 131,512.88
-------------	---------------

Audit of the accounts was made by Haskins & Sells
and in submitting the audits, the firm stated that no
provision had been made for Federal income and profit
taxes for the periods covered in the separate reports.



Following are the Auditor's reports for each association, submitted under date of December 16, 1920:

"HAVRE DE GRACE"

MARYLAND RACING COMMISSION,
1106 Fidelity Building,
Baltimore, Maryland.

DEAR SIRs:

Pursuant to engagement, we have made an examination of the books and accounts of the Harford Agricultural and Breeders' Association for the four months ended October 31, 1920, and submit herewith a statement of revenue and expenses for that period, with certificate.

The items of insurance premiums paid, salaries and wages paid, and taxes paid, other than Federal income and profits taxes, represent the actual amounts paid during the period under review, no consideration having been given in the preparation of the accompanying statement to the portion of these items applicable to prior or subsequent periods.

No consideration has been given by us in the preparation of the accompanying statement to unredeemed pari-mutuel tickets of the spring 1920 meet, amounting to \$5,952.55, which were credited to income during the period under review, nor to any portion of the salary of the treasurer and general manager for the year ended December 31, 1920, amounting to \$12,500, which was paid prior to July 1, 1920.

At the request of your Commission, we have shown the cost of new construction, equipment and repairs during the period under review, aggregating \$68,457.03, as a deduction from net income.

We were unable to examine the charges and credits to the property accounts prior to July 1, 1920, as the records in support of these entries were not available.

Yours truly,

HASKINS & SELLS

MARYLAND RACING COMMISSION.

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HARFORD AGRICULTURAL AND BREEDERS ASSOCIATION

(Days Racing—17)

STATEMENT OF REVENUE AND EXPENSES FOR THE FOUR MONTHS ENDED OCTOBER 31, 1920.

REVENUE.

Admissions:	
General	\$121,744.50
Club house	1,351.00
Boxes	590.00
Pari-mutuels:	
Commissions	376,725.45
Breakage	76,760.20
Programs (net)	3,529.70
Concessions	5,200.00
Leading horses to post.....	40.00
Total	\$ 585,940.85

EXPENSES.

State license, 17 days, at \$6,000 per day...	\$102,000.00
Stakes and purses	188,410.00
Pari-mutuel expenses:	
Salaries and wages paid.....	47,643.00
Stationery and printing.....	5,328.30
Insurance of money	96.36
Repairs	672.15
Miscellaneous	264.50
Salaries and wages of racing officials and employees paid	14,692.00
Salary of officer paid.....	600.00
Wages of regular track employees paid...	6,674.67
Other salaries and wages paid.....	4,250.00
Stationery and printing.....	2,603.45
Music	1,186.09
Services of Pinkerton's National Detective Agency	5,607.30
Light	360.59

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Advertising and publicity service.....	9,403.79
Ambulance and hospital service.....	174.00
Telephone and telegraph.....	427.33
Insurance premiums paid.....	2,562.50
Taxes paid, other than Federal income and profits taxes	4,195.16
Donation	1,000.00
Cash "over and short" account.....	1,181.18
Miscellaneous	2,493.70
Total	\$ 401,826.07
Net revenue before deducting cost of new construc- tion, equipment, and repairs	\$ 184,114.78
Cost of new construction, equipment and repairs (allowance on account of cost or depreciation of which is to be determined by the Mary- land Racing Commission).....	68,457.03
Net revenue after deducting cost of new construc- tion, equipment and repairs.....	\$ 115,657.75

CERTIFICATE.

We have made an examination of the books and accounts of the Harford Agricultural and Breeders Association for the four months ended October 31, 1920, and, subject to the determination by the Maryland Racing Commission of allowance to be made on account of cost of depreciation of property, and to no provision having been made for Federal income and profit taxes for the four months ended October 31, 1920, and for additional license fee or tax consisting of 15% of the net revenue payable to the Maryland Racing Commission.

WE HEREBY CERTIFY that, in our opinion, the above statement of revenue and expenses is correct.

HASKINS & SELLS

"LAUREL"

MARYLAND RACING COMMISSION,
1106 Fidelity Building,
Baltimore, Maryland.

DEAR SIRs:

Pursuant to engagement, we have made an examination of the books and accounts of the Maryland State Fair, Incorporated, for the five months ended November 30, 1920, and submit herewith a statement of revenue and expenses for that period, with certificate.

The items of interest received on bank balances and insurance premiums paid, salaries and wages paid, and taxes paid, other than Federal income and profits taxes, represent the actual amounts received or paid during the period under review, no consideration having been given in the preparation of the accompanying statement to the portion of these items applicable to prior or subsequent periods.

Pari-mutuel tickets issued prior to July 1, 1920, aggregating \$622.50, redeemed during the period under review, and additional Federal income and profits taxes for the year 1917 of \$7,706.40, paid during the period under review, have not been considered by us in the preparation of the accompanying statement.

In the preparation of the accompanying statement, at the request of your Commission, we have shown the cost of new construction, equipment and repairs during the period under review, aggregating \$203,703.20, as a deduction from net revenue. We were unable to examine the charges and credits to the property accounts prior to January 1, 1920, as many of the records in support of the entries were not available for our inspection.

Yours truly,

HASKINS & SELLS

FIRST REPORT OF THE

MARYLAND STATE FAIR, INCORPORATED

*(Days Racing—26)*STATEMENT OF REVENUE AND EXPENSES
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 1920.

REVENUE.

Admissions:

General	\$285,313.50
Club House	8,910.00
Club House exchange.....	640.00
Paddock exchange	7,880.50
Boxes	3,120.00
Membership dues	11,050.00
Pari-mutuels:	
Commissions	756,385.55
Breakage	137,700.35
Cash "over and short" account.....	208.52
Programs (net)	12,840.16
Concessions	10,403.00
Leading horses to post.....	100.00
Interest received on bank balances.....	841.20
Sale of scrap and fixtures.....	430.75
Rent of property	50.00

 Total\$1,235,873.53

EXPENSES.

State license, 26 days, at \$6,000 per day...	\$156,000.00
Stakes and purses	312,541.57
Pari-mutuel expenses:	
Salaries and wages paid.....	106,959.00
Stationery and printing.....	18,168.85
Insurance of money	1,479.51
Repairs	2,326.93
Miscellaneous	1,440.41
Salaries and wages of racing officials and employees paid	37,293.05
Salaries of officers paid	15,000.00
Wages of regular track employes paid....	14,716.50
Other salaries and wages paid.....	8,250.00

MARYLAND RACING COMMISSION.

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Stationery and printing	3,858.49
Music	2,600.00
Services of Pinkerton National Detective Agency	2,668.31
Water, heat and light.....	2,631.50
Advertising and publicity service.....	6,043.99
Ambulance service	520.00
Telephone	190.11
Carfare and expenses of employes.....	1,682.03
Traveling expenses	1,826.11
Insurance premiums paid.....	10,629.88
Taxes paid, other than Federal income and profits taxes	6,091.76
Donations	1,050.00
Miscellaneous	9,597.92
Total	\$ 723,565.92
Net revenue before deducting cost of new construction, equipment and repairs.....	\$ 512,307.61
Cost of new construction, equipment and repairs (allowance on account of cost or depreciation of which is to be determined by the Maryland Racing Commission).....	203,703.20
Net revenue after deducting cost of new construction, equipment and repairs.....	\$ 308,604.41

CERTIFICATE.

We have made an examination of the books and accounts of the Maryland State Fair, Incorporated, for the five months ended November 30, 1920, and, subject to the determination of the Maryland Racing Commission of allowance to be made on account of cost of depreciation of property, and to no provision having been made for Federal income and profits taxes for the five months ended November 30, 1920, and for additional license fee or tax consisting of 15% of the net revenue payable to the Maryland Racing Commission,

WE HEREBY CERTIFY that, in our opinion, the above statement of revenue and expenses is correct.

HASKINS & SELLS

"PIMLICO"

MARYLAND RACING COMMISSION,
1106 Fidelity Building,
Baltimore, Maryland.

DEAR SIRs:

Pursuant to engagement, we have made an examination of the books and accounts of the Maryland Jockey Club for the five months ended November 30, 1920, and submit herewith a statement of revenue and expenses for that period, with certificate.

The items of interest received on bank balances, loans, and Liberty Loan Bonds and Notes, and insurance premiums paid, salaries and wages paid, and taxes paid, other than Federal income and profits taxes, represent the actual amounts received or paid during the period under review, no consideration having been given in the preparation of the accompanying statement to the portion of these items applicable to prior or subsequent periods.

Payments on account of Federal income and profits taxes for the year 1919, aggregating \$88,830.20, which were charged to expense during the period under review have not been considered by us in the preparation of the accompanying statement.

In the preparation of the accompanying statement, at the request of your Commission, we have shown the cost of new construction, equipment and repairs during the period under review, aggregating \$128,698.76, as a deduction from net revenue.

No provision for the amortization of improvements to leased property prior to July 1, 1920, has been considered by us in the preparation of the accompanying statement. In our opinion the cost of these improvements and subsequent additions thereto, should be amortized over the life of the lease.

Yours truly,

HASKINS & SELLS

MARYLAND RACING COMMISSION.

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MARYLAND JOCKEY CLUB

(Days Racing—11)

STATEMENT OF REVENUE AND EXPENSES

FOR THE FIVE MONTHS ENDED NOVEMBER 30, 1920.

REVENUE.

Admissions:

General	\$160,879.50
Club house	4,610.00
Club house exchange.....	325.50
Paddock exchange	3,621.50
Boxes	2,120.00
Membership dues and initiation fees.....	9,188.00

Pari-mutuels:

Commissions	418,193.80
Breakage	74,303.35
Programs (net)	5,974.32
Concessions	1,765.00
Leading horses to post.....	50.00
Interest received on bank balance.....	3,576.57
Interest received on loans.....	4,992.92
Interest received on Liberty Loan Bonds and Notes	637.50
Dividend on securities owned.....	75.00
Recovery of accounts receivable previously written off	18.34

Total\$ 690,331.30

EXPENSES.

State license, 11 days, at \$6,000 per day...	\$ 66,000.00
Baltimore County license, 11 days, at \$3,000 per day	33,000.00
Stakes and purses.....	166,392.00
Awards to trainers of winning horses....	6,800.00
Pari-mutuel expenses:	
Salaries and wages paid.....	53,483.00
Stationery and printing	13,369.33
Insurance of money.....	902.50

FIRST REPORT OF THE

Repairs	443.52
Miscellaneous	650.25
Salaries and wages of racing officials and employees paid	28,582.36
Salaries of officers paid.....	14,583.30
Wages of regular track employees paid....	13,274.05
Other salaries atnd wages paid.....	6,873.91
Rent of track property.....	10,000.00
Stationery and printing	3,177.98
Music	1,040.00
Services of Pinkerton National Detective Agency	1,400.54
Water, heat and light.....	1,218.85
Advertising and publicity service.....	3,356.65
Ambulance and hospital service.....	736.30
Telephone and telegraph.....	157.33
Insurance premiums paid.....	15,379.87
Taxes paid, other than Federal income and profits taxes	1,270.29
Legal expense	1,225.00
Donation	1,000.00
Loss from operation of restaurant and catering service	792.40
Cash "over and short" account.....	119.97
Rent of office.....	200.00
Miscellaneous	6,981.36
Total	<u>\$ 452,410.76</u>
Net revenue before deducting cost of new construc- tion, equipment and repairs	\$ 237,920.54
Cost of new construction, equipment and repairs (allowance on account of cost or amorti- zation of which is to be determined by the Maryland Racing Commission).....	<u>128,698.76</u>
Net revenue after deducting cost of new construc- tion, equipment and repairs.....	\$ 109,221.78

CERTIFICATE.

We have made an examination of the books and accounts of the Maryland Jockey Club for the five months ended November 30, 1920, and, subject to the determination by the Maryland Racing Commission of allowance to be made on account of cost or amortization of improvements to leased property, and to no provision having been made for Federal income and profits taxes for the five months ended November 30, 1920, and for additional license fee or tax consisting of 15% of the net revenue payable to the Maryland Racing Commission,

WE HEREBY CERTIFY that, in our opinion, the above statement of revenue and expenses is correct.

HASKINS & SELLS



FIRST REPORT OF THE

"BOWIE"

MARYLAND RACING COMMISSION,
1106 Fidelity Building,
Baltimore, Maryland.

DEAR SIRS:

Pursuant to engagement, we have made an examination of the books and accounts of the Southern Maryland Agricultural Association for the period from July 1 to December 10, 1920, and submit herewith a statement of revenue and expenses for that period, with certificate.

The items of insurance premiums paid, salaries and wages paid, and taxes paid, other than Federal income and profits taxes, represent the actual amounts paid during the period under review, no consideration having been given in the preparation of the accompanying statement to the portion of these items applicable to prior or subsequent periods.

No consideration has been given by us in the preparation of the accompanying statement to the following items applicable to prior periods which were charged to expense during the period under review on the books of the Southern Maryland Agricultural Association:

Federal income and profits taxes for the year	
1919	\$26,986.26
Legal expense	5,000.00
Payment to horseman	500.00
Parl-mutuel tickets redeemed.....	85.00

At the request of your Commission, we have shown the cost of new construction, equipment, and repairs during the period under review, aggregating \$131,990.85, as a deduction from net income.

The balances in the property accounts at December 10, 1920, represent the amounts set up by a representative of the Internal Revenue Department in connection with the audit of the tax returns of the Southern Maryland Agricultural Association to December 31, 1919.

Yours truly,

HASKINS & SELLS

SOUTHERN MARYLAND AGRICULTURAL ASSOCIATION
(Days Racing—15)

STATEMENT OF REVENUE AND EXPENSES
FOR THE PERIOD FROM JULY 1 TO DECEMBER 10, 1920.

REVENUE.

Admissions:	
General	\$103,659.00
Club house	40.00
Club house exchange.....	1,404.00
Paddock exchange	4,036.50
Boxes	695.50
Membership dues	2,236.80
Pari-mutuels:	
Commissions	383,983.80
Breakage	75,932.10
Programs (net)	4,709.64
Concessions	2,782.00
Miscellaneous	3,896.48
Total	\$ 583,375.82

EXPENSES.

State license, 15 days, at \$6,000 per day...	\$ 90,000.00
Stakes and purses	122,810.93
Pari-mutuel expenses:	
Salaries and wages paid.....	50,351.00
Stationery and printing.....	10,585.33
Insurance of money.....	232.00
Repairs	553.52
Miscellaneous	1,173.27
Salaries and wages of racing officials and employees paid	15,359.50
Salaries of officers paid.....	4,250.00
Wages of regular track employees paid....	7,321.80
Other salaries and wages paid.....	18,512.00
Stationery and printing.....	2,953.56
Music	1,202.96

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Services of Pinkerton's National Detective Agency	1,120.78
Services of Lancaster Detective Bureau...	5,918.10
Light	79.85
Advertising and publicity service.....	3,418.60
Hospital service	207.75
Telephone and telegraph.....	307.71
Insurance premiums paid	6,988.51
Taxes paid, other than Federal income and profits taxes	1,269.34
Legal expense	6,000.00
Cash "over and short" account.....	136.62
Directors' fees	8,850.00
Interest on loans.....	1,200.00
Miscellaneous	7,063.11
Total	\$ 367,866.24
Net revenue before deducting cost of new construction, equipment and repairs.....	\$ 215,509.58
Cost of new construction, equipment and repairs (allowance on account of cost or depreciation of which is to be determined by the Maryland Racing Commission).....	131,990.85
Net revenue after deducting cost of new construction, equipment and repairs.....	\$ 83,518.73

CERTIFICATE.

We have made an examination of the books and accounts of the Southern Maryland Agricultural Association for the period from July 1 to December 10, 1920, and, subject to the determination by the Maryland Racing Commission of allowance to be made on account of cost or depreciation of property, and to no provision having been made for Federal income and profits taxes for the period from July 1 to December 10, 1920, and for additional license fee or tax consisting of 15% of the net revenue payable to the Maryland Racing Commission,

WE HEREBY CERTIFY that, in our opinion, the above statement of revenue and expenses is correct.

HASKINS & SELLS

Payments Protested.

Excluded from the Commission's report of receipts and disbursements is \$131,512.88, the amount assessed against the Maryland Jockey Club, Maryland State Fair, Inc., Harford Agricultural and Breeders' Association and Southern Maryland Agricultural Association as fifteen (15%) per cent. of the net revenue. The law provides that the Commission shall pay over to the Treasurer of the State all money in hand before the thirtieth day of June and December. Payments on account of the assessments were under protest. The Commission was, therefore, compelled to make remittances with the amount excluded.

The law provides that each of these tracks shall "on or before the 20th day of December of each year return to the Commission a full statement, under oath, of their receipts from all sources . . . and of all expenses and disbursements." Three (3) of the Associations—Harford Agricultural and Breeders' Association, Southern Maryland Agricultural Association, and Maryland State Fair, Inc.—filed their reports on December 20th, 1920. The Maryland Jockey Club filed its report December 22, the delay being due, it was said, to the wish of the Club's attorney to look into some matters of law pertaining to the report.

This report as filed reduced the amount due the State from \$26,688.08 to \$8,271.22:

Revenue (Total)	\$689,806.50
Expenses, with depreciation	473,408.39
	—————\$ 216,398.11

FIRST REPORT OF THE

Net Revenue before deducting cost of New Construction, Equipment, and Major Repairs (allowance on account of cost, depreciation, or amortization of which is to be determined by the Maryland Racing Commission).....	\$ 216,398.11
Cost of New Construction, Equipment and Major Repairs	116,256.69
Net Revenue after deducting cost of New Construction, Equipment, and Major Repairs.....	100,141.42
Estimated U. S. Income and Excess Profit Tax.....	45,000.00
	\$55,141.42

On December 23, 1920, Janney, Stuart & Ober, filed with the Commission a formal protest against the method of assessment of the fifteen (15%) per cent. of the State Tax against the Maryland State Fair, Inc. There was set up as due the State fifteen (15%) per centum of \$275,334.09 amounting to \$41,330.11 against \$58,096.14, which was the assessment laid by the Commission against the Laurel Track. An early hearing was requested and granted, the Commission fixing December 30, as the date for hearing the appeal. The Maryland Jockey Club, through its attorney, Isaac Lobe Straus, joined in the appeal, setting up the additional claim that the amount paid the Federal Government in excess profits tax should be deducted before the amount on which the State's assessment is based could be properly ascertained. On the day of the hearing and just prior to it, the Harford Agricultural and Breeders' Association paid over to the Commission the money due the State. During the course of the hearing, the Southern Maryland Agricultural Association, through its attorney, Shirley Carter, withdrew from

the proceedings. Immediately following the hearing the Commission met and passed this resolution:

"That the Commission feels in view of its failure to take office until July 22nd, 1920, and in view of the impossibility of its passing authoritatively on new constructions on the various one-mile tracks in Maryland, that the allowances made for new constructions at the meeting held on December 20th, 1920, are reasonable and normal, and such allowances for construction (the same being allowed as reductions from net earnings) stand as then designated."

All the money due the State has since been paid over, and it is being held by the Commission subject to protest.

Betting Privileges Limited.

Coming into office only a few days prior to the opening of the county fair season, the Commission at once formulated the policy that the law should not be used in extending the betting privilege. Where the pari-mutuels had been in operation prior to the enactment of the law, the Commission assumed that sentiment sanctioned the use, but in every other instance the privilege was denied, the Commission writing into the licenses its refusal. The law provides:

"And said license shall be subject to all rights, regulations and conditions from time to time prescribed by the Commission."

The Commission has steadily adhered to this policy. It takes the position that any extension of the betting privilege can properly be secured only from the Legislature itself which in reducing the days of racing on

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the four (4) one-mile tracks to 100 as a maximum intended curtailment rather than the extension of the use of betting privileges.

Steps were at once taken by the Commission to insure the patrons of the county fairs racing in compliance with recognized rules adopted as a means of protecting the public from fraudulent and irregular practices, and giving the sport its greatest degree of charm. To this end Stewards were appointed. The Commission has been represented at each county fair by such an official, and the members of the Commission have, in person, attended these fairs and made careful note of existing conditions.

They present something of a problem to your Commission. Conducted as a rule by public-spirited individuals of the communities in which they are held, who perform no end of labor in connection with them without expectation or desire of any pecuniary reward, the Commission finds, nevertheless, that many offensive practices have been permitted to develop. These it will work to eradicate, confident that it will have the support of local sentiment in the effort it proposes to put forth.

Three (3) of these county fair associations have the pari-mutuel system, namely:

The Agricultural and Mechanical Association of Washington County, at Hagerstown.

The Southern Maryland Agricultural Fair Association at Marlboro.

The Maryland State Fair and Agricultural Society, at Timonium.

These organizations conducted running races exclusively. Timonium put on an excellent agricultural and

fair exhibit and saw to it that the racing was on a high plane. The fair at Hagerstown from August 10th to 16th, inclusive, was not, in the Commission's opinion, a compliance with the law requiring licenses to be issued for a five (5) day racing period only to associations providing bona-fide exhibits. Marlboro was a little better. The law had just gone into effect and the time which these associations had to comply with its provisions was very limited. Licenses will be issued to no association in 1921 until the Commission is assured that the law has been fully complied with. Moreover, the racing at Hagerstown during the first meet was not on a plane that your Commission can approve. Steps were taken to remedy this situation, and they were successful in great measure, as shown by the racing meet held at Hagerstown on October 12th to 16th. More precautions must be taken. The racing at Marlboro developed a situation worse, if anything, than the one that prevailed at Hagerstown during its first meet. The Commission will take steps to eradicate these abuses.

These county fairs are, in the opinion of the Commission, a county asset. The racing lends charm to them. It is the fair and exhibit that must be the feature, and not the racing. The Commission so understands the law.

Racing On Mile Tracks.

Public interest naturally centres about the associations conducting racing meets independent of the fair, rather than about the fairs themselves. This situation is due, no doubt, to the fact that racing in

itself is amazingly popular. The attendance figures justify this statement. The profits that accrue to the owners of the associations, and the impression that they are involved in politics also enhances the interest, and affords opportunity for criticism.

One of the first resolutions adopted by your Commission in its effort to administer the office in relations to the one-mile tracks applied to the employees. It required each track ten (10) days prior to the dates authorized for its racing meet, to submit the list of employees, with the addresses and the nature of the employment. All additions to this list were to be reported in twenty-four (24) hours. The purpose of this order was two-fold. First, it was a proper step to take in protecting the State's share of receipts under the provisions of the law giving it fifteen per cent. (15%) of the net revenue. An employee of the Commission checked up on the completed list during the period of the meet. Secondly, the Commission believed then, and continues to believe, that the continued employment of the same men, speaking generally, will aid these tracks in rendering efficient service and eliminate the politics that may have been permitted to get a foothold. Hereafter, these associations will be required to specifically designate all changes made in the personnel of the force with the reason for making them.

Race Track Profits.

The profits accruing to the race tracks will be handled later by the Commission. They will be brought within reason, and the plan used in effecting

the change will be beneficial to the State and helpful to racing.

Connected with the question of profits to the associations conducting racing meets is the condition of the respective plants. The law says:

"All proposed extensions, additions, or improvements to the buildings, stables, improvements or tracks upon property owned or leased by such licensee shall be subject to the approval of the Commission."

Racing in Maryland has existed for several years with a sword over its head. Not so long ago it was a struggle for any track to live. Prosperity came. With the prosperity tracks sprung up. Where once there was but one now there are four. The one that existed in poverty for years had no foes. With prosperity came the enemies and the agitation to put an end to racing. Realizing the precariousness of their existence it is perhaps only natural that the track owners should have neglected their plants and hoarded the profits. That evidently is what happened. More recently the associations have commenced to improve their properties. The work that has been done by several of them represents part of an uncompleted program. Much remains to be done if the properties are to be made what they ought to be.

Through the members of the Commission, and its racing staff, careful supervision has been exercised over the racing. In addition to the Steward which the Commission has always had in the stand, it has also had on the one-mile tracks the services of a Judge-at-Large, who has aided the Commission in keeping in close touch with everything that transpired on the

tracks. Rules that had the indorsement of people interested in the sport have been enacted and the Commission believes, generally approved.

Through its Inspectors, the Commission has sought to look after the health and comfort of the general public in attendance at the racing meets. It has enforced cheaper restaurant charges when they seemed excessive, demanded cleanliness about the lavatories where they were not getting the attention they required, and it has given particular attention to the elimination of undesirable characters from the grounds. In the latter respect it is outlining plans to make its work more effective.

Pari-Mutuel System.

All these racing associations with mile tracks operate what is known as the pari-mutuel system. The associations deduct five per centum (5%) from the total amount bet and pay over the remainder to those making the wagers, less the "breakage" which represents the uneven amounts calculated in units of tens. A large force of men is required to operate the system. Your Commission cannot speak too highly of them. Handling large amounts of money in a very limited time, they rarely make mistakes. The men who work out the returns for those wagering on the result of a race are in a class all their own. Few banking institutions could, we venture to say, put their men in charge of a pari-mutuel plant, and manage it as it is now managed without first being compelled to undergo protracted training.

The pari-mutuels have been carefully supervised by your Commission. It has caused to be made a daily

audit not only of the pari-mutuels but of all the monies paid over to the associations. The Commission does not assume that any of the associations have withheld from the public participating in the mutuel wagering any part of the money that was due the public. It most positively believes otherwise. The Commission because of the audit is in a position to say that it knows the public received all its money.

Breeding Bureau.

Knowing of the interest your Excellency has taken in the efforts of the Commission to start Maryland on a stock-breeding program that would eventually place it first among all the States, as the home of the finest breed of stock of all kinds, the Commission takes pleasure in reporting that plans for launching this movement are gradually being formulated. Your Commission suggested to the management of the one-mile tracks the benefits that would accrue to the State from such a movement, if properly started, and perseveringly conducted. It was your Excellency who first suggested the promotion by the Commission of the breeding of the best grade of stock, the occasion being the conference between you and the heads of the several State Departments at the Executive Mansion. The Commission asked for \$100,000.00 for the year 1921 out of the receipts for 1920. The associations have expressed a willingness to contribute the money.

The Commission realizes that temporary enthusiasm, while helpful in getting the breeding bureau launched, will count but little in the long run. Years of effort will be required before the results begin to show. Only those willing to work persistently in the face of many

discouragements will be of real benefit in making of the breeding program a success. Nevertheless your Commission is convinced that those who can patiently endure the discouragements will see an amazing reward for their efforts. The breeding program represents something definitely constructive, something that can be made to benefit all the people of the State.

On October 27, a committee consisting of Thomas Clyde, Carlos M. de Garmendia, George Brown, Jr., and E. Clay Timanus, was named by the Commission to prepare a plan for inaugurating the movement. This Committee reported on October 29. Since the money was to be appropriated by the associations conducting meets on one-mile tracks, your Commission decided that the plan outlined should be submitted to them. To that end the Chairman named the following Committee to pass on the plan:

Joseph P. Kennedy, temporary Chairman;
Carlos M. de Garmendia,
Charles E. McLane, representing "Pimlico;"
M. Hampton Magruder, representing "Bowie;"
Spalding L. Jenkins, representing "Laurel;"
James P. Ross, representing "Havre de Grace;"
Dr. R. C. Read, Head of the Bureau of Animal
Husbandry, Maryland Agricultural College.

Mr. Kennedy was named by the Committee as its permanent chairman.

This Committee has had before it the plan of the original Committee, and also, a plan prepared under the direction of the Maryland Agricultural College. Both are being considered, the Commission expecting to work out of the situation the best solution, having in mind only the end to be accomplished, namely: putting

Maryland first among all the States in the production of live stock of the best grade and quality.

As far as the breeding of horses is concerned, it is within the power of the Racing Associations unaided to do much more than they have done heretofore to promote this end by conditioning racing for futurity events, including produce races, and providing liberal purses for the winners. The Maryland Jockey Club has sought to work out a co-operate plan for such racing. It did not receive the encouragement to which it was entitled. The Maryland Racing Commission cannot look with favor upon a policy that ignores one of the most essential purposes, and possibly the most essential purpose of racing. Provision will have to be made for futurity events. It would be best for the tracks to co-operate, but in any event each track must give the encouragement to breeding that futurity events afford.

"Will Formulate Rules."

Such fault as the Commission may have to find with the law under which it works will apply to details rather than to the measure as a whole, for it seeks to confer and does confer the broadest possible powers. Any recommendations your Commission may wish to make for amending the measure seem to be more timely just previous to a session of the General Assembly. Hence it will refrain from making any such suggestions at this time.

The law in Section 11 says:

"Said Racing Commission shall have full power to prescribe rules, regulations and conditions under which all horse racing shall be conducted within the State of Maryland."

Hence there can be no question of the right of the Commission to lay down rules for racing, and having made them, to compel its licensees to operate under them. This the Commission proposes to do. It will formulate its own rules, conforming with the methods and practices that custom and experience have sanctioned as best for racing in all its varied phases with such additions and changes as the situation in this State justify.

The necessity for this is obvious. Prior to the creation of the Maryland Racing Commission, racing in Maryland was conducted in accordance with the rules promulgated by The Jockey Club (New York), the rules in themselves being different in no essential respect from rules in force in England and in Canada, and different only in one essential particular from those now in use in Kentucky. Interwoven with the rules of The Jockey Club are regulations intended to aid it in exercising its authority. Your Commission is convinced that neither your Excellency nor the Legislature intended any such division of authority. Each meant that the Maryland Racing Commission should be supreme. The Commission shall respect the intent of the law.

CONCLUSION

In bringing to a close this first report of the Maryland Racing Commission, we feel that a little summary, together with a look forward, would not be out of place.

We would direct especial attention, therefore, to a few outstanding features of the Commission's efforts

thus far. We take especial pride in the fact that the affairs of the Commission have been conducted in a most economical manner, and that notwithstanding a heavy initial expense of furnishing the Commission's offices, that the allowance for expenses authorized in the law has been kept within the amount, even should the allowance be pro-rated over the whole year. We would further emphasize the fact that the Commission has striven in every direction to properly safeguard the interests of the public and at the same time, the interests of the State. The Commission has been fully represented at every racing meet, and represented not only by inspectors and stewards to see that racing was conducted on a high plane and that everything was done in a spirit of fairness, but it also had representatives to see that the public was safeguarded in matters of health and comfort. In addition to this, the closest check has been kept upon the earnings and disbursements of each track, this going to the extreme of having a daily audit made to make sure that each day's figures were correct in every detail. The various reports of Haskins & Sells, which are carried in the report, show the thoroughness with which the later and wider audit has been made. The Commission feels that it has left nothing undone which would safeguard the public in every way and at the same time safeguard the state. The Commission would further like to emphasize the fact that it has been as near non-partisan as any commission that has ever held office in Maryland. Every man selected to represent the Commission has been chosen with respect to his ability and knowledge rather than his politics, and in scarcely any instance has the question of an appointees' politics

ever come up. Even though the merit system in Maryland is barely getting under way, this Commission feels that from the very outset it has been actuated and dominated solely by the broad governing principle of the merit system.

The wider questions with which the Commission has to deal, namely: the question of race track profits and the question of the number of racing days in Maryland, have as yet not been taken up. A long and careful survey of the situation is necessary, and the Commission so far has not the necessary data on which to base any decision on these very momentous matters. Naturally they must be taken up at a very early date, and the Commission feels now that it will very soon be in a position to deal with these matters intelligently. The same applies to the rules and regulations governing the conduct of racing in Maryland. The Commission has not felt as yet that it was qualified to adopt its own rules and regulations, and therefore, racing in the autumn of 1920 was conducted under the rules and regulations of The Jockey Club (New York), which are in a sense the standard of all high class racing associations. Just as in the matter of profits, and the time limit of racing, the Commission now feels that it is ready to go ahead with the formulation of its own rules and regulations.

As to the future of racing in Maryland, and as to the suggestions and recommendations with regard to needed further legislation, the Commission is not yet qualified to speak. Undoubtedly, if racing is to continue in Maryland, there will necessarily be modifications and qualifications from time to time of the existing law. The General Assembly does not meet for over

a year, however, and it would be premature at this time to more than barely touch upon the subject, and to say that the Commission will make an earnest study during 1921 of the actual operation of the law, with the view of making such recommendations as would be necessary for the meeting of the General Assembly in 1922.

The Commission cannot close its first annual report without taking occasion to express its sense of appreciation to the various State Departments for their loyal co-operation, which co-operation has been forthcoming in the fullest measure. The office of the Attorney General, the office of the State Comptroller, the State Treasurer and the State Auditor, and all departments and bureaus have been splendid in volunteering and aiding the Commission in working out its many problems, and it goes without saying that we are deeply appreciative of their loyalty and enthusiasm. We are also deeply appreciative of the splendid spirit of co-operation which you, as Governor of Maryland, have shown, and for the spirit of kindly guidance which has actuated you from the day the Commission took office. Under these conditions, the work of the Commission has been more of a pleasure than an arduous duty.

Respectfully submitted,

STUART OLIVIER, Chairman;

JOSEPH P. KENNEDY,

E. CLAY TIMANUS,

Commissioners.

